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TO : All Diplomatic and Consular Posts
FROM : Department of State
SUBJECT: Kidnap Ransom Insurance

The Department has been informed that a reputable foreign insurance firm has recently solicited some of our posts abroad, offering insurance against kidnapping and ransom, with certain limitations and conditions.

Clearly, the purchase of insurance is a personal prerogative and expense. However, the concept of kidnap insurance at personal expense suggests a number of problems, some of which transcend the interests of the individual. Among these problems is the obvious question of utility. To date, most kidnappings involving diplomats have been motivated by political considerations--to embarrass local authorities, to gain publicity or to secure the release of so-called political prisoners. Demands for cash ransoms have been relatively rare, although it is known that terrorist groups short of operating funds do regard kidnapping as one source of money.

Aside from being of questionable value, however, kidnap ransom insurance may actually prove to be counterproductive. General knowledge of the availability of such insurance as a potential source of easy cash

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almost certainly would increase the vulnerability, not only of the insured but of his family and colleagues as well. Moreover, it would probably broaden the risk by introducing an incentive to the strictly criminal kidnapper or extortionist who, so far, has not been much of a threat to our personnel abroad.

Other factors to be considered include the degree to which the payment of ransom might interfere with the legal authority and responsibility of the host government to deal with crimes of this nature. There may well be situations in which, for any of a variety of reasons, it may be imprudent to bow to a kidnapper's demand. To the extent that ransom money is known to be readily available, the bargaining position of the principal negotiator is weakened. Further, the involvement of additional parties, such as the underwriter in the event ransom is paid, with the attendant complication of interests, can only add to the natural pressures and strains which must be anticipated in the immediate post-kidnap time frame.

Any discussion of this subject which may be held at addressee posts should, for obvious reasons, be very closely held.

O/SY:GMGentile:ltm

O - Mr. Macomber

Clearances:

AID/AG/SEC - Mr. Mileski

DOD/DIA -

L/O - Mr. Lyerly

USIA/IOS - Mr. McNichol

O/A - Mr. Donelan

CIA -

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